

Education Code, Sections 682.401 (b)(7) and 682.410(c) of 34 Code of Federal Regulations (CFR) and Section 428 (b)(1)(H) of the Higher Education Act of 1965, as amended.

## **INFORMATIVE DIGEST**

In compliance with the Governor's Executive Order M-127-95, which requires State agencies to identify regulations that are duplicative, obsolete and/or suitable for consolidation or repeal, the proposed action repeals regulations for the California Guaranteed Student Loan (CGSL) program and California Loans to Assist Students (CLAS) program both of which were replaced by the Federal Family Education Loan (FFEL) program. Four new regulations are proposed to replace those repealed CGSL and CLAS regulations which the California Student Aid Commission has determined are still necessary for its administration of the FFEL program.

1. Education Code 69769.5 provides that the Loan Study Council shall review the activities and policies of the Federal Family Education Loan Program and shall regularly advise the Commission of its findings and recommendations.

CCR Section 30901 specifies that the Loan Study Council shall review the insurance premium annually and make a recommendation to the Commission for consideration in resetting the rate. It also specifies that the Loan Study Council shall review the revenue and expenditure forecasts of the FFEL program and make recommendations to the Commission on the financial management of the reserve fund. (Section 30901 replaces the current §§30106, 30108, 30206 and 30208 which are being repealed.)

2. 34 CFR 682.401(b)(7) provides that an eligible lender may participate in the loan program of the (guaranty) agency under reasonable criteria established by the guaranty agency.

CCR Section 30902 specifies that an eligible lender must first complete a signed agreement with the Commission, or its agent, before any FFEL program loans are guaranteed by the Commission, or its agent. (Section 30902 replaces the current §§30115 and 30214 which are being repealed.)

3. 34 CFR 682.410(c) provides that a guaranty agency shall take such measures and establish such controls as are necessary to ensure its vigorous enforcement of all Federal, State, and guaranty agency requirements.

CCR Section 30903 specifies that schools and lenders participating in the FFEL program in California shall be reviewed regularly by the Commission or its designee and that the Commission may require self-certified audits of both schools and lenders participating in the program. (Section 30903 replaces the current §§30116 and 30215 which are being repealed.)